



Committee On Finance

Chuck Grassley, Chairman

Max Baucus, Ranking Member

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Senators Grassley and Baucus Continue Efforts to Shut Down Terrorist Financing Activities

Treasury Secretary Snow Questioned about Effectiveness of Department's Activities

(WASHINGTON, D.C.) U.S. Senators Chuck Grassley and Max Baucus today continued their efforts to shut off terrorist's financial pipeline by quizzing the U.S. Treasury Department about their operations of the Office of Terrorism and Financial Intelligence (TFI), the level of Treasury staff responsible for cracking down on terrorist financing, and the tracking of Hussein oil-for-food revenues.

In a letter to Treasury Secretary John Snow today, which is a follow-up to previous correspondence on terrorist financing, Grassley and Baucus focused specifically on the level of terrorist-related assets seized by the Treasury Department since 1995. The Senators also requested details about the number of Internal Revenue Service staff that have historically been dedicated to terrorist-related duties and the staff that are expected to be needed in the future.

On a separate, but related subject, the Senators asked for detailed answers about the Department's efforts to "track the funds that Saddam Hussein's regime received in illicit and illegal revenues related to the United Nation's oil for food program."

Grassley and Baucus requested answers from the Treasury Department by May 17, 2004.

"I take my Finance Committee oversight responsibilities very seriously, and there's no area that is more important than keeping our homeland safe and protected from terrorists who would try to do us harm," Baucus said. "I'm very concerned that despite the nearly three years that have passed since September 11, there is still a lack of proper staffing and communication among the U.S. agencies. I'm looking for more answers from the Treasury Department in order find out exactly where the holes are and how to fix them."

U.S. Sens. Grassley and Baucus's letter to Treasury Secretary Snow follows:

April 28, 2004

The Honorable John Snow
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Mr. Secretary:

We appreciate your letter of April 16 on the new Office of Terrorism and Financial Intelligence (TFI) in the Department of Treasury. Also, your response to our letter on the Office of Foreign Assets Control's (OFAC) role in enforcing economic sanctions was especially helpful.

Operations of TFI

In order to better understand the operations of the TFI we would appreciate the following information:

1. An analysis by quarter, from the first quarter of 1995 to the first quarter of 2004, of terrorist related assets seized and/or frozen by Treasury's Office of Foreign Assets Control. Please provide the totals of assets seized and assets frozen for each of the quarters. Additionally, please provide total assets of Al Qaeda seized or frozen by quarter for the same time period. For each order or designation leading to frozen or seized funds of a person or entity, please characterize whether the person or entity is one of the following three: a donor, or source of funds; a transmitter or carrier of funds; or a recipient or user of the funds.
2. Please provide the number of FTEs dedicated to terrorist financing activities by country (Afghanistan, Iran, Cuba, Syria, etc.), as well as by terrorist group (Al Qaeda, Hamas, etc.), within each of the following: OFAC, Financial Crimes Enforcement Network (FinCEN) and all of TFI.
3. In staff briefings, we have heard that OFAC had approximately three to four FTEs dedicated to enforcing sanctions in Iraq during the late 1990s and early 2000s. Is this accurate? If you are unable to provide exact counts of FTEs during that time, please provide your best possible estimate of the average number of FTEs working on Iraq sanctions programs during this period.

Terrorism Financing Investigators

Recent news media reports asserted the Administration reduced an IRS request for an increase in criminal investigators devoted to enforcement, particularly terrorism financing activities. A senior Treasury Department official, however, told committee staff that there are plans for the IRS to receive 500 to 600 more agents in the next few years. While funding and manpower are important, even more important is efficient and effective use of available and plentiful resources and a dedicated focus on tax crimes and terrorism financing.

4. For fiscal years 1998 to the present, please provide the following information on an annual basis:
 - A) The number of agents for both general enforcement activities and particularly terrorism financing duties that the IRS asked the Administration for, and the amount of funds for both general enforcement activities and particularly terror financing that the IRS requested.
 - B) The number of IRS agents for both general enforcement activities and particularly terrorism financing duties that the Administration asked Congress for, and the amount of funds for both general enforcement activities and particularly terror financing duties that the Administration requested.

C) The number of IRS agents for both general enforcement activities and particularly terrorism financing duties that Congress authorized and appropriated, and the amount of funds for both general enforcement activities and particularly terror financing duties that Congress authorized and appropriated.

5. For ongoing budget plans and estimates for future years, please provide the following information on an annual basis:

A) The number of agents for terrorism financing duties that the IRS plans to ask the Administration for, and the amount of terror financing funds the IRS plans to ask the Administration for.

Hussein Oil for Food Revenues

We would also like a summary of the Department of Treasury's efforts to track the funds that Saddam Hussein's regime received in illicit and illegal revenues – estimated by the General Accounting Office to be \$10.1 billion – related to the United Nation's oil for food program from 1997 to 2002.

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A) Specifically, what amount of Hussein's funds from the oil for food program have been frozen or seized?

B) What is the dollar value that has been returned to the Iraqi people? What amount remains under U.S. control?

C) What amount remains under control of foreign governments?

We very much appreciate your attention to these questions, and we request a complete answer by Monday, May 17, 2004.

Sincerely,

Charles Grassley
Chairman

Max Baucus
Ranking Member

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